

March 9, 2004

### READ GWAC Questions and Answers #3

The following Questions and Answers (Q&As) are provided to clarify the requirements of this Government-wide acquisition. These questions are based on the revised Draft RFP #2, dated 2/23/04, for recycling electronics and asset disposition services. This is the third set of Q&As for this requirement.

Q1. Within Section B of the RFP, televisions are not listed as a separate Line Item. Televisions are considered CRT containing devices that will require de-manufacturing and proper component recycling, similar to computer monitor CRTs. I suggest that televisions be given their own price per pound line item description category due in part to lead content in the glass and the wide variation in weight associated with CRT size.

A1. We have added televisions as a line item in Section B. However, we are including televisions in a price per unit category instead of a line item by weight. As specified in the solicitation, offerors shall assume that televisions have 31" inch CRTs and weigh 40 lbs., the average size used in Government facilities.

Q2. If two prime contractors each receive READ contracts, are there any limitations to them working together to meet a Task Order requirement? This is a two part question: the application to two contractors in the same class regions, and/or contractors working across class regions. For example, Class B contractor subcontracts to Class A contractor to deliver services within Eastern U.S., or Class B contractor in South East subcontracts with another Class B contractor in the North East. If joint work is allowable, does the \$5 million order limit affect the subcontractor or just the prime that received the award for the region?

A2. The purpose of this multiple award contract is to compete EPA's, as well as each customer agency's, recycling and asset disposition requirements. The purpose of competition is to keep prices associated with these services competitive, reasonable, and affordable. It should be noted that Federal departments, agencies, and bureaus will not be required to use this contract to fulfill their asset disposition requirements. There is no current Executive Order or Statutory Regulation that requires Federal use of this Government-wide contract. Agencies that EPA surveyed who have demonstrated an interest in using these services have stated that, although they plan to use the contract, costs must be affordable and reasonable before they would pursue utilization of all of the services offered. Competition is the key to keeping costs affordable.

If contractors were allowed to work together, as suggested, then there would be the appearance of collusion during the competition process. For purposes of this question, contractors and their team subcontractors, if applicable, will be responsible for fulfilling their own requirements to complete task orders for which they compete.

Q3. Contract Payments - Do you anticipate allowing payment on Task Orders in phases as deliverables are met? If yes, we assume READ contractors should propose the payment structure in T.O. response. For resell of items, does the Government pay the fixed price equipment fee then receive a credit after items are sold? How do anticipate this playing out in the execution of a task order if the sales price is unknown when bidding on the T.O.? Finally, is the Government required to take all offered early payment discounts (such as two 10 Net 30)?

A3. The Government makes payment on services after services are received. The Government may makes progress payments as progress is made on required activities, depending on the circumstances. For this contract, since several different agencies will use the contract, the payment terms will be delineated in the task orders.

With regard to items resold, we have rewritten that aspect of the Statement of Objectives so that the Government will not share in “profits”, but will share in savings identified by contractors during the asset disposition phase. The Government cannot augment its appropriation, therefore, we plan to use a share-in-savings approach whereby READ contractors will identify any savings that will offset the cost of recycling, including resale of refurbished equipment. Any savings realized will be addressed in the final payment for the service received. Pricing of tasks orders will be based on the actual requirements.

Finally, the Government may accept early payment discounts that are offered by contractors, but potential payment discounts will not be factored into the cost analysis or cost realism evaluation because the Government may not always realize early payment discounts. Offerors must understand that cost proposals will be evaluated in accordance with Section M of the solicitation, not by answers or clarifications provided in this Q&A.

Q4. Exercising Contract Option Years - If a READ contractor performs with high merits throughout a contract year, is there any reason you foresee that the Government would not exercise the option to extend the contract for another year?

A4. The Government plans to exercise option periods unless the READ program is cancelled or the contractor fails the certification audit included in Section H.

Q5. Access to Federal Installations - Will READ Contractors receive a Federal Contractor ID (if such an ID exists) to enter Federal installations, or will these be handled on a case-by-case basis with each Task Order? Please address any restrictions relating to foreign nationals working on READ task orders?

A5. Federal Identification Cards will not be issued to READ contractors. If it becomes required, EPA will handle it on a case-by-case basis. Foreign nationals who are legally employed in this country are not restricted from working on READ contracts.

Q6. Page B-2 and Page L-9 - \$5M Maximum Contract Limit does not enable 5 Year execution given the quantities of items that will be handled annually by each READ

contractor, and guidance that “offerors should take these estimates into consideration during development of the price proposal and to establish fixed rates,” the average fixed rate for workstations, laptops, monitors, printers and fax machines averages \$15 each over the life of the contract. This price is below the “recycle only” cost of these items with no consideration for SOO requirements and no allowance for the reimbursable costs permitted under each task order.

With the value-added SOO requirements (increasing the per unit cost) and the added reimbursed receivables from each task order (travel, logistics, shipping, redeployment, etc), the maximum contract limit of \$5 million could be reached three years into this five year contract. The 3 year revenue limit for a small business in this NAICS is \$10.5 million. At \$2 million per year (\$10M total production), a small business can remain a small business within the contract given the anticipated quantities multiplied by the fixed rate, and the reimbursed costs for each task order. We are requesting an increase in the contract maximum amount for all orders from \$5 million to \$10 million.

A6. Contractors should not use the maximum contract limit to estimate their costs to recycle the items identified in Section B. In addition, the contractor should not assume that the maximum is the amount of work they will receive over five years. This is a new program with great potential but no guarantees. As stated in Sections B and H, \$2,500 is the guaranteed minimum over the life of the contract.

However, after reassessing our estimated quantities in Section L and comparing those estimates to the requirements in Section B, we have agreed to raise the ceiling for the entire contract period from \$5M to \$9M.

Q7. On Page G-4, please define GFP and GFI. (We are only guessing that this might be Government Furnished Personnel and Government Furnished Information, since we know what GFE is.) Is it possible to include GFE – Government Furnished Equipment that should be listed in a T.O. response (such as fork lift support needed within a warehouse) or are only personnel and information available resources?

A7. The Government does not intend to provide READ contractors with any Government Furnished Property or Government Furnished Information to perform the service required under the resulting contract. If a special circumstance requires the provision of GFP or GFI, it will be addressed in the task order and this clause will come into effect at that time.

Q8. On Page G-5, a task order may be issued by mail or facsimile. The electronic means of contractor response is not specified. Since this is a 5 year contract, we request that you also permit issuance and/or responses by other electronic means, as these means become available and are accepted by contracting officers.

A8. Electronic means of contractor responses to task orders remains unchanged at this time. The issue may be addressed after contract award.

Q9. Page I-5, Clause I.6, are the wage rates in the Dept of Labor table provided in Section I.6 intended to be used for T.O. responses to justify labor rates, or is the contractor to use his/her actual labor rates? Could you explain what the difference is between wage determination and for information only?

A9. As stated in Clause I.6, the labor rates identified in this clause are for information purposes only. This clause identifies the different classes of service employees and labor categories that we believe may be used in this Service Contract Act (SCA) procurement. For proposal pricing purposes, contractors must adhere to the attached wage determination for the region under which it is anticipated that the READ efforts will be performed. The wage determinations can be found as an attachment on the READ website.

Q10. On page L-6, Excess Equipment List, please clarify your description of a "17" Flat Screen Monitor." We assume these are Flat Screen CRTs (chunky and traditional looking large monitor) and not LCD Flat Screen Monitors (sleek and modern-looking). This distinction is very important for responding to the disposition of these monitors in the Sample Task Order.

A10. We are referring to 17" Flat Screen LCD Monitors. The change has been made in the solicitation.

Q11. On page L-12, Equipment Size and Weights, the assumption on equipment sizes and weights understate our research into typical dimensions and weights.

Desktop or Tower CPU averages 50 pounds, not 30  
PC Monitor averages 1.5 x 1.5 x 1.5 = 3.4 cubic feet and 40 lbs, 8cf if packaged  
Older desktop printers are 2 x 1.5 x 1 and weigh 40 lbs., RFP states 2cf and 25 lbs.

This is relevant for the sample task order per Page L-8 , para 1d, last paragraph, since it determines the number of truck loads to be shipped. Since the sample task order is for illustrative purposes only, this is a minor issue and level sets the requirements. However, Clause B-1 ties the fixed price quotes to these weights and dimensions. Section A, paragraph 2 on page L-5 also states that these sizes and weights should be taken in consideration when proposing the fixed rates applied in B.1.

Since the intent of the contract is to reuse equipment, shipping and receiving so that equipment is protected should be a priority. If packaged individually for redeployment, the volume of the equipment is substantially more when not piled on a pallet for recycling destruction. The cost to warehouse a pallet of 30 CPUs is half the price to warehouse CPUs that are packaged for redeployment. From our experience, the volume of the equipment is the limiting factor, not the weight. We recommend that you increase the size and weight of items in the contract to prevent the need for a change order increasing equipment standards immediately after contract issuance. This also provides for more realistic cost proposals.

A11. We have reviewed our sources and we agree to change the weights of these items. However, the dimensions remain the same because these are described as approximate dimensions, not exact. The weight of the CPUs, the monitors, and the desktop printers are all changed to 40 pounds, not the amounts specified by the contractor.

Q12. On page M-1, Section M-1 states that the contract will be evaluated by adding all options years to determine a total price, except when not in the Government's best interest. Section M-2 addresses proposal evaluation against contract cost or price realism. The technical evaluation includes the sample task order evaluation, yet this indirectly impacts the overall government cost as related to the task order. Will the sample T.O. evaluation impact the cost reasonableness? It appears that the focus of the cost evaluation and price realism is basically the overall contract cost (table B-1 multiplied by anticipated quantities on L-9) and not the fixed cost for each piece of equipment (table B-1 data). Please clarify if this correct? Is this is an accurate understanding of the cost evaluation and price realism process, and also how the Sample Task Order pricing in the technical process impacts the cost and price realism evaluation?

A12. As stated in the RFP, the cost evaluation will be based on the language included in Section M. The proposals will NOT be evaluated in accordance with discussions and clarifications delineated in this Questions and Answers document. EPA will base its cost reasonableness and cost realism analysis on information provided by the contractor in response to the solicitation and information we may obtain independently. As stated in the solicitation, cost or price realism relates to an offeror demonstrating that the proposed cost or price provides an adequate reflection of the offeror's understanding of the requirements of this solicitation, i.e., that the cost or price is not unrealistically low or unreasonably high. Contractors should take the estimated quantities into consideration when developing their pricing. As described in the solicitation, a key aspect of the cost evaluation will be based on the Government ordering the quantities delineated in Provision L.7 of the solicitation.